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The Accounting Historians Notebook

Vol. 14, No. 1

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Spring, 1991

PRESIDENT'S MESSAGE

The first Key Officer meeting for 1991 has just taken place in Houston, Texas, and I am pleased to report that a high level of planned activity and strategic developments are already manifest at this early stage of the year. Committee and Task Force chairpersons are already busy framing activities for 1991. It is disappointing to note however, that the majority of committee members have still not responded to my letters offering appointment for 1991. I urge you to respond and also to contact your chairperson with a view to offering assistance.

The Key Officers meeting has now decided to discontinue the Academy's Working Paper Series. At this stage of the Academy's continuing development, it was felt that the Working Papers had fulfilled their role in promoting historical scholarship. We feel it is now important that all of us focus our attention on supporting the Academy's journal (AHJ) by providing and encouraging high quality submissions. We are committed to ensuring that AHJ stands as a premier research journal recognized internationally for its scholarship.

Strategic and policy issues are receiving special attention from the Presidential group this year. I have proposed a streamlining of the committee task force



appointment system and President-elect Tom Burns and Vice President Tonya Flesher will table their final version in response to my March proposal at our Nashville meeting in August. The President-elect and I held a Strategic Directions meeting in Houston to facilitate medium- to long-term planning of Presidential initiatives. This is intended to become a regular occurrence at the time of Key Officer meetings.

I have proposed, and the Key Officers have accepted, a new Academy award - a graduate research grant, to be made annually to a Masters or Ph.D. student engaged in an accounting history disser-

tation. The Chairman of Trustees, Dick Vangermeersch, will be in charge of this, and you will be hearing more from him on this, later.

Finally I commend to you two 1991 Academy events that form an integral part of my 1991 Presidential agenda. First, there is a CPE session planned for the Nashville AAA meeting in August with Professor Tony Tinker as moderator, supported by an organizing committee. It is to be a critical history workshop entitled "Relevance Lost and the New Management Accounting." Second is our Accounting History Research Conference to be held at The University of Mississippi in December. It is being organized by a special Task Force chaired by Professor Finley Graves. He is now calling for papers, and your submissions are now awaited. I commend both of these occasions to your support and participation.

Lee D. Parker

TRUSTEES MEETING AND MEETING OF TRUSTEES, OFFICERS, AND KEY MEMBERS

The Trustees will meet on Sunday, August 11, 1991 at the Opryland Hotel in Nashville, Tennessee. The meeting will be held in the Cumberland C Room from 12:30 to 3:00 p.m. A light lunch will precede the start of the meeting.

A meeting of the Trustees, Officers, and Key Members will follow in Cumberland C Room from 3:00 to 5:30 p.m.

An agenda for both meetings will be mailed to you prior to the meeting. Please make every possible effort to attend.

Ashton C. Bishop
Secretary

THE ACADEMY PLANS CPE SESSION AT NASHVILLE

The Academy of Accounting Historians is planning to host a CPE session at the 1991 Annual Meeting of the American Accounting Association in Nashville. Tony Tinker, who will serve as Moderator of the session, reports that program content will involve a critical history workshop on "Relevance Lost and the New Management Accounting."

The workshop will include an in-depth review of the historical and social underpinnings of the Johnson-Kaplan critique of conventional management accounting. Participants will discuss the lineage of thought from Chandler to Williamson to Johnson and to Johnson and Kaplan and then appraise this emerging paradigm with alternative accounts and interpretations.

The format will center around a discussion group approach based on a number of articles which will be provided to the participants prior to the meeting. The condition of participation depends on prior study of the material.

The organizing committee for the CPE session includes: Cheryl Lehman (Hofstra University), Marilyn Neimark (Baruch College-CUNY), Lee Parker (Flinders University), Ross E. Stewart (Seattle Pacific University), and Tony Tinker (Fordham University).

**ENCOURAGE DOCTORAL
STUDENTS TO JOIN THE
ACADEMY AT THE SPECIAL
STUDENT RATE OF \$7.50
PER YEAR**

GRADUATE RESEARCH GRANT

The Academy of Accounting Historians announces the establishment of its Graduate Research Grant in Accounting History. The research grant of \$1,000 is a part of the Academy's continuing efforts to encourage research in accounting history. Professor Richard Vangermeersch, Chairman of the Trustees of the Academy, provides the following information:

CRITERIA:

1. Successful candidate who is at least in the preliminary stages of graduate research involving a subject in accounting history.
2. Submit a proposal, in English, which includes:
 - a. Title and objective of the study
 - b. Brief description of subject area and research methodology
 - c. Outline of progress to date and

- planned structure of the project
- d. Project supervisors
- e. Proposed use of the grant.

IMPORTANT DATES:

1. Proposal should be received by January 31, 1992.
2. Selection of the Proposal to receive Grant by June 30, 1992.
3. Graduate Research Grant awarded at the Annual Business Meeting of the Academy in August, 1992.

SUBMIT PROPOSALS TO:

Professor Richard Vangermeersch
Chairman, Trustees of the Academy of
Accounting Historians
316B Ballentine Hall
College of Business Administration
University of Rhode Island
Kingston, RI 02881



ANNUAL BUSINESS MEETING

The Academy of Accounting Historians will hold its annual business meeting on Monday, August 12, 1991, at the Opryland Hotel in Nashville, Tennessee. The Opryland Hotel is the headquarters hotel for the Annual American Accounting Association Meeting. Arrangements have been made to meet in the Cumberland C Room from 10:15 a.m. until 12:00 noon. An agenda for the meeting will be mailed to you prior to the meeting. Please mark this date on your calendar and make it a point to attend. Your input is important.

Ashton C. Bishop
Secretary

THE ACCOUNTING HISTORIANS NOTEBOOK

The Academy of Accounting Historians
School of Accounting
James Madison University
Harrisonburg, VA 22807

Editor: Elliott L. Slocum
School of Accountancy
Georgia State University
University Plaza
Atlanta, Georgia 30303

CALL FOR MANUSCRIPTS

THE ACCOUNTING HISTORIANS JOURNAL

The Accounting Historians Journal encourages you to submit papers on subject matter related to the development of accounting thought and practice. Papers on biographical subjects and on historical method are also acceptable. Guidelines on research and a guide for submitting manuscripts may be found in *The Journal* or may be obtained from the Editors.

Manuscripts must be in English and of acceptable style and organization for clarity of presentation. The manuscript should not exceed 7,000 words. An abstract of not more than 200 words should separately accompany the manuscript. A submission fee of \$30 (U.S.) is required of nonAcademy members, and \$15 for Academy members. More detailed information concerning additional requirements regarding style and content and the submission requirements is in-

cluded in the guidelines mentioned in the previous paragraph.

Submit Manuscripts to:

Dale L. Flesher
The Accounting Historians Journal
School of Accountancy
University of Mississippi
University, Mississippi 38677
(601) 232-7623

For Information and Other Matters,
Contact:

William D. Samson
The Accounting Historians Journal
Culverhouse School of Accountancy
University of Alabama
Box 870220
Tuscaloosa, Alabama 35487-0220
(205) 348-2903

ACCOUNTING HISTORY PAPERS AND PANELS PRESENTED AT REGIONAL AAA MEETINGS

MID-ATLANTIC, April 11-13, 1991:

"A Practical Approach To The Integration of History Into Financial, Auditing, and Tax Courses"

Panelists:

Edward N. Coffman, Virginia Commonwealth University

Rasoul Tondkar, Virginia Commonwealth University

James J. Tucker, Widener University

P. Michael Davis, University of Baltimore

"A History of the American Accounting

Association Mid-Atlantic Region"

Dale L. Flesher, University of Mississippi

"An Interdisciplinary Historical Approach To Teaching Depreciation Theory"

Bruce A. Leauby, LaSalle University

Bruce M. Bradford, LaSalle University

"Enriching Intermediate Accounting by Including Local Social/Economic History"

Elsa V. Parsegian, Youngstown State University

Ray L. Ross, Youngstown State University

MIDWEST, April 18-20, 1991:

"A History of the American Accounting Association Midwest Region"

Dale Flesher, University of Mississippi

"The Economic, Social and Business Origins of Double-Entry Bookkeeping, The Relationship between Economic Growth, Printing and Society in Northern Italy, 1350-1550"

Geoffrey Mills, University of Northern Iowa

"Mergers Between Major Accounting Firms, A Historical Perspective 1940-1990"

Charles W. Wootton, Eastern Illinois University

NORTHEAST, April 18-20, 1991:

"An Analysis of the History and Current Status of Capital Gains Taxation"

John C. Stroppe, Gettysburg College

"A Brief History of the Northeast Region of the American Accounting Association, An Update of the Porter S. Wood's 1978 History of the Region"

Richard Vangermeersch, University of Rhode Island

Anthony Krzystofik, University of Massachusetts

Academy of Accounting Historians Section
— The NERAAA Hall of Fame — History of NERAAA

Panelist:

NERAAA Hall of Fame Inductees

Robert N. Anthony, Harvard Business School

Donald F. Arnold, Union College

John A. Beckett, University of New Hampshire

Norman D. Berman, New York University

Robert L. Gray, New York State Society of Certified Public Accountants

Robert W. Lentilhon, University of Massachusetts at Amherst

Spencer J. Martin, University of Rhode Island

Gordon Shillinglaw, Columbia University

Porter S. Wood, University of Rhode Island

OHIO, May 3-4, 1991:

"The Role of Accounting History in the Education of Prospective Accountants: Past, Present, and Future"

Panelists:

Thomas J. Burns, Ohio State University

Barbara D. Merino, University of North Texas

Gary J. Previts, Case Western Reserve University

Richard K. Fleischman, John Carroll University

SOUTHEAST, April 25-27, 1991:

"The Development of a Certification Program: The CIA"

Dale L. Flesher, University of Mississippi

"The Growing Demand for Management Audits: An Historical Perspective"

Carolyn George, Memphis State University

Pamela H. Church, Rhodes College

"Managerial Accounting Relevance in a Communistic Society"

Tonya K. Flesher, University of Mississippi

Dale L. Flesher, University of Mississippi

"Accounting History as a Subject of Dissertation Research: A Further Analysis of Perceptions of Accounting History in the Academic Environment"

Elliott L. Slocum, Georgia State University

Pamela J. Duke, Georgia State University

SOUTHWEST, March 12-16, 1991:

"A Judicial History of the Estate Tax"

Tonya K. Flesher, University of Mississippi

"Planning Materiality: Still Hazy After All These Years?"

Thomas H. Oxner, University of Arkansas,
Little Rock

James B. King, Southern Illinois
University

"A History of the American Accounting
Association Southwestern Region"

Dale L. Flesher, University of
Mississippi

J. Richard Williams, Southwest
Missouri State University

"Auditing in Antiquity"

Donald E. Bennett, Louisiana State
University, Shreveport

Delbert W. Chumley, Louisiana State
University, Shreveport

H. Carl Smolinski, Louisiana State
University, Shreveport

"Disaggregated Financial Statements of
American Colleges and Universities: An
Historical View"

Ken W. Brown, University of Arkansas,
Fayetteville

WESTERN, May 2-4, 1991:

"Changing Trends in Social Disclosure:
Evidence From 1985 Annual Reports"

Dennis M. Pattern, Illinois State
University

ACCOUNTING HISTORY RESEARCH METHODOLOGY CONFERENCE

The Academy of Accounting Historians will host a research methodology conference on December 6-7, 1991 at The University of Mississippi. The conference is intended to provide a forum for the exchange of ideas on research methodologies, defined as critical, analytical approaches to historical research, whose incorporation into accounting history lends it substance and relevance.

Submissions should be postmarked by June 30, 1991. Revised papers must be available by October 31 for distribution. Papers selected for presentation will be provided to participants prior to the conference. Papers in the areas of accounting history are welcome. Editors of several academic journals plan to attend.

Inquiries and submission of papers should be made to O. Finley Graves, School of Accountancy, University of Mississippi, University, MS 38677. [Phone: 601-232-7676; Fax: 601-232-7010]

WANTED MANUSCRIPTS AND ITEMS OF INTEREST

Anyone wishing to submit short article manuscripts, notes, cartoons, shaggy dog stories, letters to the editor, or other items to *THE ACCOUNTING HISTORIANS NOTEBOOK* should send the material for consideration to the editor, Elliott L. Slocum, School of Accountancy, Georgia State University, University Plaza, Atlanta, GA 30303.

THE ACADEMY OF ACCOUNTING HISTORIANS

Trustees, Officers, and Key Members Meeting Sheraton Hotel — Denton, Texas — November 18, 1990

Present: Maureen H. Berry, Ashton C. Bishop, Thomas J. Burns, Edward N. Coffman, O. Finley Graves, Alan G. Mayper, Patti A. Mills, Barbara D. Merino, Lee D. Parker, Gary J. Previts, Sarah A. Reed, William D. Samson, Elliott L. Slocum, Anthony M. Tinker, Rasoul H. Tondkar, Michael F. van Breda, Richard G. Vangermeersch.

8:25 a.m.: The meeting was called to order by President Barbara Merino.

1. Secretary Ashton Bishop reported that the Academy's annual meetings (1991) will be held at the Opryland Hotel in Nashville.
2. Treasurer Ross Tondkar indicated that our financial condition continues to be good, but spending exceeded revenue by \$10,000 during 1990. The matter of a possible dues increase will be discussed at our forthcoming March meeting. Also, accepting dues payment by credit card will be discussed.

Tondkar reported that the IRS has attached a lien of \$2,777.82 on our bank account contending that we were late in filing the 1986 tax return. Our evidence indicates that the IRS is not correct in their contention. Tondkar will work with Ernst & Young and the IRS to settle the matter. If it becomes necessary, an ad hoc committee will be appointed to assist Tondkar.

3. Michael van Breda (Education Committee) indicated that submissions of accounting history "one-pagers" as teaching material have been less than expected. Van Breda will write several as examples and circulate. A call for "one-pagers" will appear in *The Notebook* in Barbara Merino's

final letter as president.

4. Sarah Reed (International Research Committee) will continue to collect information on meetings and conferences that the Academy can piggyback on with respect to accounting history. Information on meetings and conferences should be disseminated through *The Notebook* and Public Relations Committee. Lee Parker, President-elect, proposed that Reed's committee be responsible for generating one proposal for piggybacking on a conference during 1991/92. Parker and Reed will confer regarding the committee's 1991 charge.
5. Patti Mills (North American Research Committee) is continuing to communicate with Alan Richardson regarding a history component at the 1991 CAAA Conference. Richardson has asked for help distributing the "call for papers" and may need help in reviewing papers.

Mills has been in touch with Esteban Hernandez-Esteve with respect to our possible participation in the Columbus Project (history of accounting during the age of discovery). He has withdrawn his request for our participation. Work on the volume will continue under the auspices of the Spanish Accounting Association. Academy members

should feel free to submit papers related to the topic.

President-elect Parker will communicate in writing with each committee chairperson as to the specific charge and responsibility concerning the Academy's piggybacking on meetings and conferences of other organizations.

6. According to President Merino, Gene Flegm (Endowment Committee), has received three funding requests for projects. Verbally, the indication is that the Southwest Region Doctoral History Consortium has been funded. No word as yet on the Garner Monograph or the 1991 Methodology Conference.
 7. Tom Burns (Public Relations Committee) reported limited success with press releases about Academy activities and "filler pieces" directed at periodicals. The committee is toying with the idea of an Academy t-shirt. The idea was well received and the committee was directed to proceed with it.
 8. Ed Coffman (Membership Committee) reported 877 members and institutional affiliates as of November 1. With respect to new membership, Mary Harston obtained 21 additions (9 regular members, 11 student members, and 1 institutional affiliate) and will have her 1991 dues waived per our incentive structure. Sara Kenney obtained 7 additions (6 regular members and 1 institutional affiliate) and earned a monograph. Coffman's report is attached (Exhibit 1).
- The Membership Committee was directed to prepare an "issues document (marketing potential and strategy) with a ten-year time horizon for discussion at our December 1991 meeting.

9. Al Mayer (Southwest Region Doctoral History Consortium) indicated that the history consortium is planned for Wednesday, March 13 in Houston at the Hyatt. Plans call for sessions on history methodology, positive type history and empirical/general research. Plans for an additional session may be developed later if funding is adequate.
 10. Finley Graves has publicized the 1991 Methodology Conference and has received a great deal of interest in it. Graves is awaiting final word on funding. A brochure will be sent out early in 1991 with information about the conference.
 11. Gary Previts (Accreditation Task Force) continues to monitor developments with respect to accreditation and to lobby for business and accounting history in the educational standards.
 12. Tony Tinker's (AAA Workshop Task Force) CPE session prior to the 1990 AAA meeting was so successful that he has been asked to direct the 1991 session prior to the AAA meeting in Nashville.
 13. Maureen Berry (Manuscript Award) announced that plans are already underway promoting the 1991 Manuscript Award. Doctoral dissertation abstracts for the last five years will be searched for the first time to identify possible candidates.
- President-elect Parker is to present a proposal at our March 1991 meeting for other awards that could be possibly sponsored by the Academy.
14. A motion was made and seconded that the International Research Task Force be changed to the International Research Committee. The motion was passed unanimously.
 15. Elliott Slocum's report on the Ac-

- counting History Research Center is attached (Exhibit 2).
16. A motion was made, seconded, and unanimously passed which makes Conference Planning a standing item on future agendas of Key Member meetings. Directors of Centers, chairperson of the North American Research committee, and the presidential line are primarily responsible for this item.
17. Tonya Flesher's Tax Research Center report was distributed by Finley Graves. This report is attached (Exhibit 3). President Merino approved spending up to \$600 for Flesher to acquire bookcases for the Center.
18. Dale Flesher's report on the Video & Audio Tape Library was distributed by Finley Graves and is attached (Exhibit 4). Gene Flegm's video tape on the standard setting process is now available. Louis Goldberg's (3 tapes) are available. The video tape flyer should be updated. Tom Burns suggested taping Andrew Barr and Bob Mautz at the forthcoming Hall of Fame Conference. Tom Burns noted that he taped a series of interviews in 1981 for the AAA which should be available.
19. Bill Samson (*Accounting Historians Journal*) indicated a need for more papers, and they may become more pro-active in seeking them but not at the expense of quality. Lee Parker suggested appointing some younger people to the editorial board to aid in the development of young talent. As the membership grows, the number of copies printed of each issue may need to be increased. Each author should be given three copies rather than five. Dale Flesher's AHJ report is attached (Exhibit 5). Patti Mills (Reviews Editor) reported that her section has more than enough reviews for the Spring issue.
20. Elliott Slocum's (*Notebook*) report is attached (Exhibit 6). The Fall 1990 issue will contain about 48 pages. A "call for papers" for the Manuscript Award will be inserted as a flyer when the Fall issue is mailed. Future issues should follow a page budget of no more than 36 pages (or 72 pages per year). Articles should have a low priority. Items submitted for the Spring issue should be submitted by March 1 as opposed to April 1 as noted on the Calendar. Lee Parker requested that cost quotes for the *Notebook* in 8½ by 11 (AAA style) format be obtained and compared to the current cost. This information should be presented at the March meeting if possible.
21. Finley Graves (Monograph Series) reported that the Garner monograph should be forthcoming during the first half of 1991. An ISBN number will be obtained for the first time with regards to the Series. Work is continuing on the Roger Motkya and the Edward Peragallo projects.
22. Gary Previts reported that the Classic Series contains six volumes. Two of these volumes were added this year as reported in the August minutes.
23. Ed Coffman noted that the Business Periodical Index (BPI) did not include the AHJ. Bill Samson and Dale Flesher were directed to pursue getting the AHJ listed in the BPI, the Social Science Citation Index, and other indexes considered appropriate. Gary Previts has some data on file that would assist with the detail.
24. Barbara Merino thanked everyone

for their support during her tenure as President. Notable achievements included the Illinois Conference, AAA workshop, and the AOS Conference.

25. Lee Parker (1991 President) plans to hold a Presidential Strategic Directions Meeting with Barbara Merino, Tom Burns, and Tonya Flesher in connection with the March meeting.
26. Al Roberts was asked to report on the Sixth International Congress of Accounting Historians Meeting scheduled for Japan in 1992.
27. Michael van Breda will inquire about what is going on with respect to the future of the book display at the annual AAA meeting. This item will be placed on the March agenda for discussion.
28. To aid in administration and coordination of Academy activities, someone (archivist) should summarize minutes of past meetings using common classifications (education, publication, membership, etc.).
29. Lines for institutional affiliation, business and home telephone numbers, and fax number will be added to future membership brochures and dues notices.
30. The meeting adjourned at 2:45 p.m.
Respectfully Submitted,
Ashton C. Bishop, Secretary
Academy of Accounting
Historians
December 22, 1990

Exhibit 1

MEMORANDUM

To: Trustees, Officers, and Key Members, The Academy of Accounting Historians

From: Ed Coffman
Chairman, 1990 Membership Committee

Subj: Report of the Membership Committee for the 1990 Academy Meeting in Denton, Texas

Date: November 18, 1990

As of November 1, 1990, the Membership Committee had identified 87 new individual members (59 academics/practitioners, 28 doctoral students) and 29 new institutional affiliates. These 116 additions bring the total for individual members and institutional affiliates in the Academy to 877, as presented below:

Individual Members/Institutional Affiliates

Domestic:	
Regular members	335
Student members	69
Institutional Affiliates	222
Non-Domestic:	
Regular members	141
Student members	3
Institutional Affiliates	107
Total	877

While all 35 members of the Membership Committee did an excellent job, the three members that obtained the highest number of new additions were:

Mary E. Harston—21 (9 regular members, 11 student members, 1 institutional affiliate)

Sara Y. Kenny—7 (6 regular members, 1 institutional affiliate)

Gadis Dillon—7 (7 student members)

Exhibit 2

ACCOUNTING HISTORY RESEARCH CENTER

Report at November 15, 1990

The Accounting History Research Center has continued to receive records and publications from the Federation of Schools of Accountancy which are to be cataloged. In addition The Center has received from Mrs. Frank C. Slingerland texts used by her husband during the 1920's. These texts are contributed in his name.

Initial inquiry about obtaining a graduate student in the area of library sciences to catalog the contents of The Center has been made. Since we are uncertain as to the date of the relocation of The Center, no commitments have been made. Al will be preparing a request for funding of this effort from other sources.

Elliott Slocum

Al Roberts

Exhibit 3

REPORT OF THE DIRECTOR OF THE TAX HISTORY RESEARCH CENTER

Two important events have occurred during the past three months. First, the University has offered us a new room to house the Tax History Research Center which would offer double the space of the present facility. Also, it is on the ground floor with an outside entrance. The University is currently remodeling the room so that it will be at least as nice as the present location.

The second event of importance was the donation by the Memphis office of BDO Seidman of all of their pre-1982 tax library going back to 1945. This includes several journals, some of which are of a practitioner type and some of a theoretical nature.

Given the increased size of our holdings and the impending increase in size of our facility, we will need to purchase some new

bookcases in the near future. The present budget for next year would cover one new bookcase, but at least two or three additional bookcases would be nice if the budget would permit. I would like for the facility to look as nice as possible by the time of the 1991 Methodology Conference.

Tonya K. Flesher

Exhibit 4

VIDEO TAPE LIBRARY

As usual during the fall semester, lending activity has been high. Several people routinely use certain tapes every fall semester, while others first learn of the library from brochures available at our booth at the AAA annual meeting. Consequently, much of the year's lending activity occurs between August and December.

Dr. Previts and I are currently planning to expand the tape library. Perhaps he can provide more details.

Dale L. Flesher

Exhibit 5

EDITOR'S REPORT

The Fall 1990 issue of *The Accounting Historians Journal* is currently in production. It will contain seven articles, plus book reviews and the proceedings of the Accounting Hall of Fame Induction Ceremony.

Submissions have been down this year, but quality has improved (but Lee Parker may dispute this statement).

Exhibit 6

The Accounting Historians Notebook Report at November 15, 1990

The Fall 1990 issue of *The Notebook* is

progressing nicely. The contents have been typeset and are now being proofed. It is expected to be completed next week and returned to the printer for correction and preparation of the blueline. If all goes well, the issue should be in the mail in December.

We currently have three manuscripts on hand, two of which have not been reviewed. The third manuscript has been reviewed and will be returned with a request that it be substantially revised.

Elliott L. Slocum
Editor

THE ACADEMY OF ACCOUNTING HISTORIANS

MEMBERSHIP REPORT December 31, 1990

MEMBERS	DOMESTIC	NON- DOMESTIC*	TOTALS
INDIVIDUAL: LIFE	1	4	5
STUDENT	69	3	72
REGULAR	340	138	478
INDIVIDUALS (TOTAL)	410	145	555
INSTITUTION AFFILIATES	222	108	330
TOTALS	632	253	885
%	71%	29%	

3 YEAR COMPARISON

MEMBERS	DOMESTIC			NON-DOMESTIC		
	1990	1989	1988	1990	1989	1988
INDIVIDUAL	410	389	351	145	136	127
INSTITUTION	222	216	184	108	92	82
TOTALS	632	605	535	253	228	209



NOTES ABOUT ACADEMY MEMBERS

et al.: Accounting historians notebook, 1991, Vol. 14, no. 1

Members of The Academy are actively involved and contributing to the accounting profession through academics, research, and service. Unfortunately, we do not always hear about these contributions and thus, due recognition of our colleagues' efforts are lacking. Please let the editor know about presentations which involve accounting history, of awards or recognitions received, or new positions taken, and of your published accounting history research in non-Academy publications.

—Edward Coffman of Virginia Commonwealth University was selected as the Virginia Outstanding Accounting Educator for 1991 by the Carman G. Blough Student Chapter of the National Association of Accountants at James Madison University. The award dinner was held on February 21, 1991. Ed is a longtime member of The Academy, having served in many capacities which include President and Chairman of the Trustees. Ed was also recipient of the Beta Alpha Psi Accountant of the Year in Education Award in 1990 and the Outstanding Alumnus Award of George Washington University Chapter of Beta Alpha Psi in 1989.

—Paul Garner, Dean Emeritus of the University of Alabama College of Commerce and Business Administration, was honored by the University of Alabama Board of Trustees in October 1990. At a reception at the University Club, the Trustees issued a resolution to name the School of Accountancy's Center for Current Accounting Issues, The Paul Garner Center for Current Accounting Issues. The faculty had unanimously requested the name change "because the activities of the Center serve to enhance accounting

research and education, which is indicative of the contributions to accounting education that Dr. Garner has made during his lifetime." Dr. Garner joined the faculty in 1939 and retired as dean of the college of commerce in 1971.

—The Auditing Section of the American Accounting Association presented Howard F. Stettler the Outstanding Auditing Educator Award for 1990. Howard graduated from the University of Illinois in 1941, worked with Arthur Andersen & Co., and taught at the University of Illinois before joining the faculty at the University of Kansas. He retired in 1984. In addition to his many accomplishments in education and publication, Howard served as president of NASBA, on the AICPA Board of Examiners, on the Board of Regents of the Institute of Internal Auditors CIA program, and served on the editorial review board of *The Accounting Review*.

—Elliott L. Slocum has been nominated to serve as the 1991-92 National Association of Accountant's Regional Vice-President of Area F. This will include the Dixie and Florida Councils and chapters in Louisiana, Mississippi, Alabama, Georgia, and Florida.

—Eugene Flegm, Assistant Controller of General Motors and past president of The Academy, is a member of the Corporate Accounting Policy Seminar Planning Committee, and participated in the first Corporate Accounting Policy Seminar held in New Orleans, October 4-6, 1990. In the Friday afternoon session, Gene made a presentation on "Corporate Financial Measurement: Subjectivity and Income Determination." The presentation provided illustrations of judgment required by the financial executive in reporting net income.

REFLECTIONS UPON A FEW PAGES OF CRONHELM

by
Louis Goldberg
Professor Emeritus
The University of Melbourne

Many years ago I was fortunate enough to acquire a copy of Cronhelm's *Bookkeeping*, published in 1818, and on reading some parts of it again recently I noticed one or two points that I felt should be shared with others. Perhaps somebody has already raised them, but, if so, I am not aware of it.

As most students of accounting history know, A.C. Littleton pointed out that Cronhelm had produced a book "in which classification of accounts was so well analyzed as to present a lucid statement of the fundamental nature of double-entry bookkeeping." (Littleton, 1933, p. 167) Littleton included extracts which amply support this claim. (Ibid., pp. 168-170) He also examined Cronhelm's contribution to the development of cost accounting, but in this area was of the opinion that, despite "an excellent grasp of mercantile bookkeeping by double entry" Cronhelm's treatment of manufacturers' accounts was seriously deficient. (Ibid., pp. 333-334) This criticism was also made by S. Paul Garner in his notable history of cost accounting. (Garner, 1954, pp. 63,64)

Neither of these contentions is here in dispute. But there is at least one other point to be noticed. Littleton's discussion of Cronhelm's "lucid statement" lies in his chapter on the Proprietorship Theory in Accounting, the implication being that expressing the fundamental accounting equation in the form:

$$(a + b + c) - 1 - m - n = S$$

(positive property) - (negative property) = stock

indicates that Cronhelm was a "proprietorship theorist" rather than an "entity theorist." (Littleton, 1933, p. 170, especially the footnote*)

Littleton's chapter on The Entity Theory in Accounting, which immediately follows that on Proprietorship Theory, seems to emphasize this proprietorship attitude of Cronhelm, and, further, suggests that the entity view was not put forward until late in the nineteenth century. However, there seems to be grounds for regarding Cronhelm to have been an "entity" theorist rather than, or, better perhaps, as well as, a "proprietorship" advocate. (This raises the question whether the entity and the proprietorship "theories" or points of view are, as Littleton and other writers seem to propound or imply, mutually exclusive. But, for present purposes this matter is not pursued; it is deferred to some other occasion — and perhaps some other investigator.)

For one thing, although he does not use the word "entity," Cronhelm clearly suggests the creation of a notional being to explain the bookkeeping relationship in double entry:

Should it be inquired why the Stock appears to be negative when the property is positive, and positive when the property is negative; this seeming

contradiction will be removed by the following consideration. In these general relations of Debtors and Creditors, *the estate or concern itself is abstracted* from its proprietor, and becomes a whole, of which the Stock or proprietor's Account is now also *one of the component parts*. If, therefore, his property is positive, the Concern is Debtor to him for that property, the same as to any other person; and he classes among its other Creditors. If, on the other hand, his property be negative, or himself insolvent, the Concern is Creditor, and he classes among the other Debtors.

We are now arrived at the most comprehensive view of the subject, having generalized the three specific cases of property into one. For, *when we thus abstract a Concern from its Proprietor*, and place the account of Stock or entire capital among the component parts, *the Concern itself is constantly neutral*, consisting of a mass of relations between Debtors and Creditors, in perpetual and necessary equilibrium. The Concern thus abstracted, *is always a cypher*; and all its component parts are equally and mutually dependent upon each other, and upon the whole. It is no longer merely the Stock which is the result of all the other accounts collected together: every Account has the same property, and may be found or proved

in the same manner.
(Cronhelm, 1818, pp. 7-8, emphasis added)

He goes on to show that, with double entry, every account can be portrayed as a residual of all the other accounts. (He is referring, of course, to the balances of the accounts.)

Hence the truth of that general proposition already laid down, that any debtor or creditor in the books is equal to the collective result of the other debtors and creditors, an affection which has been commonly supposed peculiar to the stock account.
(Cronhelm, 1818, p. 9)

An extensive passage, including the above extracts, is included in Yamey et al., 1963.

Note that Cronhelm was fully aware of the distinction between the abstraction — “the Concern” — and the proprietor; “concern was an accepted synonym for a business, as shown in a contemporary dictionary, which places “business” first among five distinct meanings:

CONCERN, s. business; circumstances; engagement; interest; importance.
(Barclay, 1813?)

Neither does Cronhelm show any trace of confusion between the Concern and the proprietor, whom he seems to be quite prepared to regard, for this purpose of explanation, as a creditor of the Concern. This must surely be as clear and downright an exposition of the “entity theory” as we could wish for without the use of the word “entity” itself.

Not that “entity” was not available at that time; it had been in the language for two centuries or more, as the entry in the Shorter Oxford Dictionary shows:

Entity. 1596. [ad(aptation of) L(atin) *entitatem*, f(ormed on) *ens, entis*; see ENS.] 1. Being, existence, as opp(osed) to

SOUTHWEST PHD CONSORTIUM REPORT SPONSORED BY THE ACADEMY OF ACCOUNTING HISTORIANS

The first PhD Consortium in the Southwest Region was held in Houston, Texas on March 12-13, 1991. The consortium received funding support from the Deloitte and Touche Foundation. The goals, as charged by the Academy's executive committee, were completely fulfilled. These goals were that 1) the PhD students be exposed to historical methods and research, and 2) a mechanism be established to have a continuing consortium each year. All the PhD granting institutions from the states of Arkansas, Louisiana, Mississippi, Oklahoma and Texas participated. This included 25 student and 12 faculty representatives. The presenting, visiting faculty were:

A. Rashad Abdul-Khalik, University of Florida; Don Kleinmuntz, University of Il-

linois; Barbara Merino, University of North Texas; Patti Mills, Indiana State University; Lee Parker, Flinders University (AUS); Wanda Wallace, Texas A & M University.

Because of the perceived success of this consortium, a three person doctoral coordinators committee was established from the Southwest schools to begin planning the 1992 Consortium. All comments indicate that the Southwest Consortium will have a bright future.

The success of this consortium was due to the foresight of Barbara Merino (past president) and Lee Parker (president) who established the task force and the hard work of the task force. Members of the task force were; Alan G. Mayper (Chair), Urton Anderson, Vahe Baladouni, Doris Cook, Robert Ricketts and Philip Siegel.

HISTORY IN PRINT

Extensive research in accounting history is published in periodicals and books other than those of The Academy. The knowledge of these works can be of value to Academy members for personal development and research. Readers of *The Notebook* are encouraged to help the editor to locate the many publications involving accounting history which should be listed in this column. Readers in Asia and Australia may send their suggestions to Dr. Robert Gibson, School of Management, Deakin University, Victoria 3217 AUSTRALIA who graciously acts as intermediary.

Maury Klein, "Finding Rear Doors To Center Stage: The Role of Business and

Corporate History," *The Business History Bulletin*, (Winter 1990), pp. 1-3.

Gary J. Previts, Lee D. Parker, and Edward N. Coffman, "An Accounting Historiography: Subject Matter and Methodology," *ABACUS*, (September 1990), pp. 136-158.

John F. Lowry, "Management Accounting and Service Industries: An Exploratory Account of Historical and Current Economic Contexts," *ABACUS*, (September 1990), pp. 159-184.

C.G. Pierson, *A Report of Institutional Arrangements for Accounting Standard Setting In Australia*, AARF, Melbourne, 1990.

Department of Employment, Education and Training (Australia), *Accounting In Higher Education, Report Of The Review Of The Accounting Discipline In Higher Education*, 3 Vols., Australian Government Publishing Service, Canberra, 1990.

D.A. Shand, "Public Sector Accounting Standards — Progress on Implementation in Australia," *OUT Accounting Research Journal*, (Spring 1989), pp. 18-35.

M.J.R. Gaffikin, "The Development of Chambers' Accounting Theory," Chapter 4, *Accounting Methodology And The Work Of R. J. Chambers*, New York: Garland, 1989.

Accounting History, Vol. 2, No. 1, 1990, [Selected Articles]:

Robert Gibson,
"Stephen Gilman and Australian Accounting," pp. 101-106.

Robert Bloom, Marilyn Collins, and Araya Debessay,
"Gilman's Contributions To Accounting Thought: A Golden Anniversary Retrospective," pp. 107-123.

Stephen Gilman, (Reprints from)
Accounting Concepts of Profit, New York: Ronald Press, 1939.

"Historical Review of Cost of Market Rule," pp. 128-129.

"The Balance Sheet Audit — A History," pp. 130-134.

Revista de Investigacion Contable Teuken, No. 6, II Trimestre 1989, [Selected Articles]:

Jorge E. Burbano, "Análisis Histórico Del Objeto Y Metodo, Punto De Partida Para Hacer Investigacion En Contabilidad," ("Historic Analysis of the Object and the Method, Start-point To Do Research In Accountancy," abstract in English), pp. 616-648.

Alberto Castaneda Quispe, "La Con-

tabilidad: Ciencia Y Arte, Y Equivoco De Su Concepcion Y Solucion," ("Accountancy: Science and Art, and Mistake of Its Conception and Solution," abstract in English), pp. 649-659.

Pierre Jouanique, "La Regla 'Quien Recibe, Debe': Una Herencia De Antigua Raigambre En La Contabilidad Moderna," ("The Rule 'Who Receives Ows' [*Sic*]: A Heritage of Ancient Roots In The Modern Accounting," abstract in English), pp. 675-687.

Humberto Oropeza Martinez, "Ingenieria Contable," ("Accounting Engineering, [*Sic*]" abstract in English), pp. 704-711.

ANNE LOFT RECEIVES THE HOURGLASS AWARD

Anne Loft received the 1990 Academy of Accounting Historians' Hourglass Award for outstanding contribution to the accounting history literature for her book, *Understanding Cost Accounting in its Social and Historical Context*, published by Garland Press in 1989. Her book examines the evolution of cost accounting at the turn of the century from a Foucaultian perspective. Anne is an assistant professor at the Copehagen Business School in Denmark.

MEMORIAL

THE LATE LIFE-MEMBER

KOJIRO NISHIKAWA (1896-1990)

*And one man in his time plays many parts
(Shakespeare)*

Kojiro Nishikawa, former Professor of the College of Commerce, Nihon University, passed away on August 28, 1990, as he neared the age of 94. Nishikawa was graduated from Kobe Commercial College (present Kobe University) in 1920 and began his career as an employee of Mitsubishi Corporation, one of the largest trading companies in Japan. In 1931, Professor Nishikawa became the head of the accounting section of Mitsubishi Oil Company, Ltd. As a young merchant, Nishikawa worked at the Seattle and New York branches of Mitsubishi Corporation. In 1943 at 47 years of age, Paymaster Second Lieutenant Nishikawa was called into the army. Excluding the 2 years and 8 months in Java during the War, he was a businessman until 1964. Mitsubishi Oil had promoted him to the positions of treasurer and director.

There is no accounting for tastes. As a person, Nishikawa was born with a collection mania. From his youth, he gathered Japanese books of double-entry bookkeeping which were first issued in 1873. He burned the midnight oil to research them. His hobby entranced him and provided the entry for him into academic circles. He was called "the well of the study in the Japanese accounting history from the introduction of Western bookkeeping method into Japan." Yet most accountants neglected the significance of this theme. His ceaseless efforts and strict attitude towards this study made him an authority on accounting history. The College of Commerce, Keio Gijuku Univer-

sity, invited him to be a part-time lecturer from 1952 to 1968. Nihon University appointed him as a professor of the College of Commerce in 1964, where he taught until 1980.



Dr. Nishikawa before his speech "On the Data of Study In Japanese History" at the JAA Annual Meeting.

Nishikawa unveiled hidden records and wrote many books and papers in accounting history. *The Story of Japanese Bookkeeping History*, published in 1971, was his masterpiece. In the same year, Nihon Shinbun-sha, noted publisher of business newspapers, bestowed a reward upon him for his distinguished services to the "Publication Culture." The Japan Accounting Association prize was awarded him for his study of William C. Whitney, which he wrote in 1959 when he was still an auditor. William C. Whitney

(1825-1882) was a principal of the Bryant, Stratton & Whitney Business College of Newark, New Jersey. He was asked to come to Japan and establish the foundation of "Tokio Commercial School" in 1875, the first such school in Japan. It was the predecessor of the present Hitotsubashi University. He compiled and reissued the old writings of Japanese accounting along with his commentaries, thus oiling the wheels for our information.

Nishikawa's career in the business world accounts for his refined manner, while his devotion of long standing to the truth contributed to his dignified appearance. The treasure house of old accounting literature published in the West at the Library of the College of Commerce at Nihon University including the first and second editions of Pacioli's book, as well as the "Nishikawa Collection," and the golden reserve of old Japanese accounting books, which were donated by him to the Library of Hitotsubashi University, commemorate the immortal fame of Kojiro Nishikawa. We shall never forget his achievements in the inquiry of accounting history. Some researchers are following his footsteps in continuing efforts to unearth the value of this underdeveloped field.

SUBMITTED BY: Yoshiro Kimizuka, Sakushin Gakuin University, former Professor of Nihon University.

CALL FOR PAPERS

Scholar residents in, originally from, or who have recent experience of, countries in Africa, Arabia or Asia are invited to submit articles, notes or book reviews to the *Afro-Asian Journal of Accounting* whose first issue will be in late 1991.

The principal objective of the new journal is to air issues of particular concern to the Afro-Asian region in the fields of accounting, auditing, taxation and financial control. Articles may be empirical, model building, surveys of comparative practice, reports of teaching experiences or ap-positely theoretical. Notes should be reports of empirical work, including pilot studies or teaching points. Books reviewed must be explicitly targeted at audiences within the Afro-Asian region. Articles should be between 2,000 and 5,000 words all inclusive, notes and book reviews less than 1,500 words. References should be in *Accounting Review* style.

The journal will follow a double blind refereeing process. The submitted piece will be appraised by the editor for relevance to the principal journal objective. It will be passed to a regional or country editorial board member for appraisal of its value in highlighting regional concerns. It will also be reviewed by an expert in the discipline area concerned. The whole process is guaranteed to generate a reply to the author in no more than six months.

Send pieces to the:

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The Accounting Historians Notebook, Vol. 14 [1991], No. 1, Art. 14

THE SIXTH WORLD CONGRESS OF ACCOUNTING HISTORIANS

Accounting History: Tradition and Innovation for the 21st Century

August 20-22, 1992
Miyako Hotel - Kyoto, Japan

Deadline for Papers: December 31, 1991

Sponsored by:

Accounting History Association (AHA)
Atsuo Tsuji (Convenor, President, AHA)

Supported by:

Japan Accounting Association
Japan Institute of Certified Public Accountants

REGISTRATION FEES (All Fees are in Japanese Yen Only)

Through March 31, 1992	Participant	Companion
* Registration Fee	40,000 Yen	10,000 Yen
** Banquet Fee	5,000 Yen	5,000 Yen
After March 31, 1992		
* Registration Fee	45,000 Yen	15,000 Yen
** Banquet Fee	5,000 Yen	5,000 Yen

TENTATIVE PROGRAM-1992

DATE	MORNING	AFTERNOON	EVENING
Thursday, August 20		Registration (open throughout Congress) Opening ceremony Keynote speech Sectional sessions	Welcome* Reception
Friday, August 21	Keynote speech Plenary session Sectional sessions	Keynote speech Plenary session Sectional sessions	Banquet**
Saturday, August 22	Keynote speech Plenary session Sectional sessions	Plenary session Closing ceremony Sectional sessions	Sayonara* Farewell party

Tentative Keynote Speakers: G.J. Previts (USA), A.G. Hopwood (UK), M.C. Wells (AUS), Schweitzer (GER), and Xu Zheng Dan (China)

* In addition to the Welcome and Sayonara, registration includes: luncheons, teas, entrance to technical sessions, and one copy of the abstracts of the papers for participant only.

AREA(S) OF PARTICIPATION

I would like to participate in the Sixth World Congress of Accounting Historians in the area(s) marked below:

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Congress Secretary
Sixth World Congress of Accounting Historians
Faculty of Business
Osaka City University
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*FAX 011-81-6-605-2200



ACCOUNTING AND CONTROLS IN THE SECOND TEMPLE

by
Kevin Nathan

The author wishes to thank his colleagues, Gadis Dillon, Sandra Pelfrey and Barbara Theisen. He also wishes to thank Paul Frishkoff, University of Oregon, Martin Lockshin, Vanier College, York University and Rabbi Yehuda Nussbaum for reading earlier drafts of the paper. Any remaining errors are the fault of the author.

The Second Temple, which stood in Jerusalem from around 520 B.C.E. to 70 C.E., is known to many in its role as a religious institution. The Bible describes,

in Exodus, Leviticus and Numbers, the Jewish sacrificial system and its laws. In Kings it describes the building of the First Temple, and in Ezra and Nehemiah the

building of the Second Temple. No primary records have survived concerning the operation of the temple. Therefore, for a detailed description of the Temple's operation and financing it is necessary to examine the Mishnah.

The Mishnah is a written codification of the Oral Law passed down from the time of Moses. It contains statements of law, history and procedure accompanied by rabbinical discussions. The tractate relevant to this paper is *Shekalim*, which describes the collection of the annual poll tax and of the other required or voluntary contributions, and the uses to which the money was put. It also discusses the physical controls used to safeguard funds. This paper discusses how the monies were collected, properly identified and used for appropriate purposes. It does not address the payments that went directly to the priests without flowing through the Temple treasury, e.g. tithes.

SOURCES OF REVENUE

The Temple's main source of revenue was the annual half-shekel [1] tax described in Exodus 30:11-16. Every adult male Israelite was obliged to contribute a half-shekel regardless of his level of wealth. Announcements concerning the tax were made one month prior to the due date of 1 Nissan (March/April) [*Shekalim* 1:1]. Collections were made in the provinces and foreign countries as well as in Jerusalem. The coins were taken to Jerusalem and deposited in a pit in the treasury chamber. This pit literally represented a physical fund. The allocation, also physical, of this revenue to different funds is now discussed.

In Exhibit 1 the sources of revenue are listed in the first column while the funds are listed across the top of the page. The primary use of the poll tax revenue was to purchase the biblically required communal animal offerings ("treasury chamber" fund); indeed, only the poll tax

revenue could be used for this purpose. Withdrawals were made three times a year, prior to each of the pilgrimage festivals, by scooping out three buckets full of coins [*Shekalim* 3:1]. This withdrawal was known as *terumah*. Any excess coins left in the buckets after buying communal offerings constituted "the remainder of the *terumah*." The coins left in the treasury pit were known as "the remainder of the chamber." These remainders are shown as R1 in exhibit 1, the first claim on excess revenue. The items for which these coins were spent are discussed in the section on expenditures. Any coins left in the pit after such expenditures were designated as "surplus of the remainder of the chamber," (shown as R2, the second claim on excess revenue).

A second source of revenue was an ongoing tax amnesty program. Those who did not pay their half-shekel the previous year could deposit it in a box marked "Old Shekels." Such monies were included in the "remainder of the chamber" fund [*Shekalim* 4:2 and 6:5].

A third source of revenue was the voluntary consecration (donation) of possessions. Most consecrated items were sold for the upkeep of the Temple. Animals suitable for sacrifice were sold to those needing sacrificial animals, and the proceeds went to the Temple upkeep. Raw spices needed for incense were donated to the incense fund. Wine, oil and fowl were sold, and the proceeds used to purchase voluntary burnt offerings which were offered when the altar was idle.

A fourth source of revenue was donations in kind, or money for a particular purpose. For example, donations to the wood or frankincense funds could be made in kind or with money (denoted on exhibit 1 by "\$ or K"). Similarly, one could give utensils or gold to the utensil fund, but unsuitable or unneeded utensils were sold and the proceeds went to the

Temple upkeep [2].

[*Shekalim* 4:4].

A fifth source of revenue was the six remainder chests, *i.e.* remainder of sin offerings, guilt offerings, bird offerings, nazirite offerings, *metzora's* [3] guilt offering and donative offerings [*Shekalim* 2:5]. The first five chests dealt with specific types of sin or guilt offerings. If an individual set aside more money than was needed to purchase a required offering, the excess was considered to be consecrated and had to be given to the Temple. The excess money was put in the appropriate chest and went into the voluntary burnt offering fund. The sixth chest, "donative offerings," consisted of the remainder of various other offerings plus voluntary donations.

The chest marked "Nests" was for those obliged to bring two fowl, one as a sin offering and one as a burnt offering. Money placed therein was used to buy these offerings. The "Young Pigeon Burnt Offering" chest was for those who wished to offer a voluntary burnt offering of fowl (as opposed to male sheep, cattle or goats) [*Shekalim* 6:5].

Another source of revenue was the "incidental profits of the *nesachim*." The *nesachim* (libations) were the flour, oil and wine which accompanied various offerings. The amount of each commodity varied with the type of offering. The Temple purchased *nesachim* at a price which was fixed monthly. If the price rose during the month the merchant was still bound by the contract price and delivered the agreed quantity. If the price fell, however, the merchant had to supply a larger quantity of *nesachim*, reflecting the lower price. The excess was sold and placed in the "remainder of the *nesachim*" account. Also, merchants were required to use heaped measures when delivering *nesachim* and the difference between the heaped measures and the level measures needed was sold and placed in this fund

ITEMS OF EXPENDITURE

Exhibit 2 shows the types of items on which the monies in the funds were spent. The treasury chamber fund, containing only the current year's poll tax revenue, was principally spent on the purchase of communal offerings. Another primary use of the fund was to pay for necessary items incidental to the communal offerings [*Shekalim* 4:1]. For example, every Sabbath twelve loaves of bread were placed on a golden table in the Temple and the prior Sabbath's loaves eaten by the priests. The salaries of the bakers were paid out of the treasury chamber fund. The fund also paid for wood and incense if there was not enough money in these funds.

As described in the revenue section, the excess of the treasury chamber fund went into the remainder of the chamber fund. This fund would have grown quite large as the population of Israel grew following the return from Babylonian exile. Part of it was spent building a ramp from the Temple to the outskirts of Jerusalem. On the Day of Atonement the he-goat which was to be sent away was led out of town on this ramp (Leviticus 16). Most of the fund, however, was spent on maintaining the water pipe which supplied water for the cleaning of the Temple courtyard, and on the needs of the city of Jerusalem [*Shekalim* 4:2]. Other city needs, funded by the remainder of the chamber, included maintenance of the walls and fortifications, street repair and the digging of wells.

The surplus of the remainder of the chamber, remainder of the *terumah*, remainder of the *nesachim* and voluntary burnt offering funds all went to purchasing animals, and their accompanying *nesachim*, which were used as burnt offer-

continued on page 29

A MILESTONE IN THE HISTORY OF ACCOUNTING AND AUDITING IN CHINA

The Yong-You Institute of Accounting and Auditing Research was established in Beijing, China in November, 1990. The Institute is a nongovernment research organization and the first of its kind to be established in China. In addition to its inauguration, the Institute sponsored an international seminar at which more than 110 accounting and auditing scholars and news media reporters were present. The theme of the seminar was entitled, "China and the World: Just Now."

Professor Emeritus Paul Garner, former President of the International Association for Accounting Education and Research, attended the inauguration and seminar, at which he made congratulatory remarks. Dr. Garner accepted the office of Honorary Director of the Institute. Professor Ge Jia-shu, a well known professor of accounting in China and Vice President

of the Accounting Association of China, and Mr. Wang Wen-jing, President of Yong-You Electronic Financial Technology Co., Ltd., also hold the position of Honorary Director.

Professor Wen Shuo serves as Director of the Yong-You Institute of Accounting and Auditing Research. Professor Shuo has achieved acclaim through his research and publications, among which are *The History of Accounting in Western Countries* and *History of World Auditing*.

Establishment of the Yong-You Institute has aroused attention and interest and was highly praised as "a pioneering undertaking" and "a milestone" in the history of accounting and auditing in China. A government official stated that "it has fully filled a gap in accounting and auditing research which has long needed to be filled." Another high official similarly



praised the effort in his speech at the Inauguration and said, "In order to overcome the drawbacks in the accounting and auditing research scheme of present China, certain new research mechanisms must be set up, for which the establishment of Yong-You Institute is a good beginning. It has initiated an entirely new approach to the modernization of accounting and auditing in China."

As reported in the *China Daily*, China replaced auditing with administrative supervision in the first thirty years after the founding of the People's Republic in accordance with its highly centralized economy. Accounting and auditing research was constrained by the old socioeconomic system and research schemes copied from the USSR in the early 1950s. As a result, accounting and auditing theories and practices were not comparable to that in other developed countries and to the needs of economic structure reforms and the opening up of China to the outside world. With changes in China's economic structure in 1979, state enterprises began to have more decision-making power. This change required the establishment of a complete accounting and auditing system which has achieved marked progress in the past few years.

Due to the changes in China and the need for better support for decision-making, Yong-You (which means "Users' Friend" in Chinese) Electronic Financial Technology Co., Ltd., a private computerized accounting enterprise, is dedicated to the establishment of the Yong-You Institute of Accounting and Auditing Research, as a nonprofit and nongovernmental research organization, for the purpose of promoting the modernization of accounting and auditing in China. This innovation is a new model integrating research and business and serving society with creative and useful

theories.

The Institute's primary goals are as follows:

1. Conducting, or co-conducting with other institutions or individuals, research projects on world-wide accounting and auditing theory and practice.
2. Introducing advanced and innovative accounting and auditing theories, ideas, and techniques of other countries into China.
3. Introducing to academia, practitioners, and policy-makers, accounting and auditing theories, regulations and practices of other countries in China.
4. Forming linkages with academia, experts, research institutions, and professional organizations in other countries, exchanging publications, conducting joint research projects, and publishing research studies.
5. Promoting academic exchanges by inviting distinguished scholars from China and the world to join in symposia and seminars.
6. Establishment of an information center to collect authoritative accounting and auditing publications and to produce slides and video tapes with respect to accounting and auditing theory and practice and computer applications in accounting and auditing.

The Institute has already begun a series of ambitious projects. One of these projects is the publication of a *Translation Collection of World Classical Accounting and Auditing Books*. Professor Wen Shuo, chief editor of the editorial board, is sponsoring this project. Its primary purpose is to introduce the milestones in accounting and auditing development to Chinese readers. The Institute believes that such information will permit Chinese accounting and auditing professionals to push forward studies in both fields and help to construct China's own theories and

methodologies needed to accelerate economic reforms in China. The Translation Collection is expected to contain one hundred books, of which ten have already been printed.

The Institute is also planning to publish other series. Examples include *New Knowledge on Contemporary Accounting and Auditing*, *Collected Papers on Accounting in China*, *Collected Papers on Accounting in the World*, and *Doctoral Dissertations on Accounting and Auditing* in cooperation with related universities and editorial boards. The Institute publishes quarterly journals: *Contem-*

porary Accounting and Auditing, and *Computerized Accounting and Auditing*.

Yong-You Institute has announced plans to establish a nonprofit accounting and auditing research foundation for the purposes of sponsoring and promoting activities of academic exchange, seminars, research projects, and exhibitions, and to award The Yong-You Award to distinguished experts, scholars, and practitioners for their contributions to accounting and auditing theory and practice. Many persons and institutions, including Professor Paul Garner, have donated to the Foundation.

THIRD INTERDISCIPLINARY PERSPECTIVES ON ACCOUNTING CONFERENCE

TIME AND PLACE:

July 8 - July 10, 1991

Dalton & Ellis Elywd Jones Halls
University of Manchester
England

PURPOSES AND THEMES:

The Third IPA Conference seeks to maintain the impetus of predecessor conferences which have been significant in providing an international forum for the interdisciplinary study of accounting by *inter alia* economists, historians, lawyers, organization theorists, philosophers, political scientists, sociologists and accounting academics. The organizers, Trevor Hopper and Linda Kirkham of the University of Manchester and Peter Miller and Michael Power of the London School of Economics, wish to encourage further development in the substantial and growing body of research on the relations between accounting and social and political

factors.

Three broad themes (Accounting Expertise and Knowledge, The Growth and Influence of Accounting, and Reconstructing Accounting) established for the Third IPA Conference are not intended to be exhaustive or definitive. The organizers seek also to extend the interdisciplinary study of accounting. Relevant contributions from disciplines such as anthropology, philosophy, political theory, law, political economy, and the history of science and technology are particularly welcome.

GENERAL ENQUIRIES AND REGISTRATION:

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M13 9PL

PHONE: 061 275 4014/4025

FAX: 061 275 4023

Goldberg: continued from page 15

non-existence; the existence, as dist(in-guished) from the qualities or relation of anything. 2. That which makes a thing what it is; essence, essential nature 1643. 3. *concr(etely)* An ENS, as dist(inguished) from a function, attribute, relation, etc. 1628. 4. 'Being' generally 1604. 1. Both Night and Coldnesse..have reall entitie H. MORE. 3. An ideal E., like the Utopia BOLINGBROKE.

Ens sb. Pl. entia. 1581. [Late L(atin) f(ormed on) L(atin) esse, after absens, etc.] 1. Philos(ophy) a. A being, entity as opp(osed) to an attribute, quality, etc. 1614. b. An entity as an abstract notion. 1581. 2. (Obsolete) ESSENCE - 1730. b. (Obsolete) Alch(emy) 'The most efficacious Part of any natural Mixt Body' (Kersey) 1715.

1 a. Men have needlessly multiplied *entia* HALE (The Britannica, 1962)
Barclay also had it:

ENTITY s. [*entitas*, from *ens*, a being, low Lat.] the being, or rather actual existence of any thinking thing; a particular collection of qualities which constitute the species or nature of a thing. (Barclay, 1813?)

However, it appears that it hadn't yet been borrowed by writers on business or bookkeeping; that came later. And John Stuart Mill's pertinent, but biting, observation was still to be written:

In consequence of this perversion of the word Being,

philosophers looking about for something to supply its place, laid their hands upon the word Entity, a piece of barbarous Latin, invented by the schoolmen to be used as an abstract name, in which class its grammatical form would seem to place it; but being seized by logicians in distress to stop a leak in their terminology, it has ever since been used as a concrete name. (Mill, 1886, Book I, Ch. III, Sec. 2)

Cronhelm expressly states that the abstract Concern is always "neutral" and always "a cypher." Now, this word "cypher" (also spelt "cipher") had several meanings, even in the early nineteenth century. Barclay, for instance, gave the following:

CIPHER, (*sifer*) s. [*zifra*, Ital.] an arithmetical character of number marked thus (0); though of no value itself, in integers it increases the value of figures, when set on the right hand, and decreases them in the same proportion, when set before them, in decimal fractions; a collection or assemblage of letters consisting of the initials of a person's name, interwoven together, and engraved on plate, or painted, instead of escutcheons, on coaches; certain character made use of by persons to conceal the subject they write about from others; the key to explain any private characters.

A *mere cipher*, a person of no importance.

To CIPHER, (*sifer*) v.n. to perform the operations of arithmetic.

Out of these, the one meaning that seems to make most sense in our present context is that of the arithmetical nought or zero, that is, the symbol for nothing, neither positive nor negative, which Cronhelm may well have regarded as symbolizing equilibrium between his positive properties and negative properties. The abstract Concern was nothing or symbolized nothing, but could be conceived of as having the proprietor as a creditor if the positive properties (assets) exceeded the negative properties (liabilities), or a debtor if the negative properties were greater than the positive ones, that is, in insolvency.

In his examples of five sets of accounts, Cronhelm uses the word "Concern" to designate the form of proprietary interest. Three of the businesses included are "Individual" and two are "Partnership." (Cronhelm, 1818, pp. 47, 67, 128, 217, 303) Thus, for Cronhelm's exposition of double entry, the Concern or business was an abstraction distinct from the proprietor; it was a cypher or nothing, but conceptually was composed of parts which always and at any time are arithmetically in equilibrium.

Perhaps what this points to is that the concept of the entity (by whatever name we signify it) and the concept of the proprietor are not of necessity mutually exclusive unless we choose to define them and use them as such. The existence of each is in our minds. All we have to do is to see them for what they are: creatures of our intellect. As such, they can both be made to do whatever work we make them do. If this seems tautological, the tautology reflects our thinking. If they are interpreted as doing different things, this is a reflection of the work we assign them to do, not work which they choose freely for themselves to do, for, as creatures of our mind, they have neither freedom nor choice to exercise.

William Murray wrote that Cronhelm's book was a "very clever and elaborate work, which, unfortunately, was nearly all consumed by fire at the publisher's." (Murray, 1862, p. 45) If Murray is reliable, one wonders whether this sad circumstance may have contributed to that "same fate of neglect" which has been attributed to the abstract approach in Cronhelm's writing (along with those of Hustcraft Stephens and James Williamson Fulton). (See Yamey et al., 1963, p. 178)

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ings whenever the altar was not being used for the communal offerings or for private offerings. The Temple upkeep fund is not discussed and seems to overlap with the remainder of the chamber fund. The utensil, wood and incense funds were spent on the specific items for which they were designated. The "Nests" and "Young Pigeon Burnt Offering" chests were emptied daily and the proceeds used to purchase burnt offerings and sin offerings.

REVENUE IDENTIFICATION AND SAFEGUARDS

The monies which the Temple collected were often earmarked for particular purposes. However, control was not maintained by careful recordkeeping and the calculation of account balances. The Mishnah says very little about the accounting records which were kept and it is possible that account balances were not recorded at all. Instead, control was maintained by an elaborate system of physical safeguards.

The half-shekel tax revenue was, as mentioned earlier, deposited in a pit in the treasury chamber. Access to the chamber was tightly controlled; the presence of seven supervisors (each having a needed key) and three treasurers was required [*Shekalim* 5:2]. Furthermore, the person making the withdrawal was not permitted to wear anything in which it was possible to conceal coins, e.g. a hemmed garment, pouches or sandals [*Shekalim* 3:2]. Financial expenditures for the different accounts were almost always (some say always) handled by two officers [*Shekalim* 5:2].

A separate form of control was maintained over the sale of *nesachim* (libations) to those offering private sacrifices. An individual offering an animal went to the administrator over the tokens and stated the type of sacrifice being offered. The ad-

ministrator sold him a token for the appropriate amounts of wine, oil and flour. He then took the token to the administrator over the *nesachim* and exchanged it for the required amount. At the end of each day the administrators met and reconciled the tokens and the money. If there was more money than tokens, the excess belonged to the Temple. In the event of a shortfall the administrator over the tokens had to make up the difference [*Shekalim* 5:3-4]. An individual who lost his token had to wait until the end of the day; if they found surplus funds corresponding to the value of the lost token he was given his *nesachim*. To prevent fraud, tokens were dated and were valid only on the day of issue [4].

CONCLUSION

The Temple was not only a religious institution but also a significant financial entity. It was concerned with the proper stewardship of its funds and went to great lengths to prevent theft and embezzlement. Revenues intended for different purposes were physically segregated and earmarked, and access was carefully controlled.

FOOTNOTES

- [1] A half-shekel is 8 grams of silver, about \$1.25 at the current price.
- [2] Donations to a specific fund were made possible by having chests marked with the type of revenue, e.g. "wood", "frankincense." There were 13 collection chests, noted on exhibit 1 by asterisks.
- [3] "Metzora" refers to a person suffering from some form of skin disease. It is sometimes translated, incorrectly, as "leper."
- [4] If the tokens were not dated it would have been possible to purchase a token and then claim it was lost. At the end of the day there would be excess funds (correspon-

EXHIBIT 1

Revenues	Treasury Chamber	Remainder of Chamber	Surplus of Remainder of Chamber	Remainder of <i>terumah</i>	Temple Upkeep	Voluntary Burnt Offerings	Utensils	Wood	Incense	Nests	Young Pigeon	Remainder of <i>nesachim</i>
Poll tax*	\$	R1	R2	R1								
Old shekels*		\$										
Consecration --incense									K			
--animals					\$							
--wine, oil, fowl						\$						
--other					\$							
Wood*								\$ or K				
Frankincense*									\$ or K			
Utensils					\$		K					
Gold for Utensils*							\$					
Remainder of --sin offerings*						\$						
--guilt offerings*						\$						
--bird offerings*						\$						
--nazirite offerings*						\$						
--mezora guilt offerings*						\$						
Donative offerings*						\$						
Nests*										\$		
Young Pigeon Burnt offerings*											\$	
Incidental nesachim profits												\$

* Revenue received in marked collection chests.

K = donation in kind R1 = first claim on excess revenue R2 = second claim on excess revenue

\$ = donation in shekels

EXHIBIT 2	Treasury Chamber	Remainder of Chamber	Surplus of Remainder of Chamber	Remainder of <i>terumab</i>	Temple Upkeep	Voluntary Burnt Offerings	Utensils	Wood	Incense	Nests	Young Pigeon	Remainder of <i>netachim</i>
Expenditures												
Communal offerings	\$											
Other necessary costs	\$											
Wood	\$							\$				
Incense	\$								\$			
Ramp		\$										
City needs		\$										
Burnt offerings - altar idle			\$	\$		\$						\$
Burnt offerings - private										\$	\$	
Sin offerings										\$		
Utensils							\$					
Temple upkeep					\$							

ding to the unused token) and the individual would receive his *nesachim*. He would then have an undated token for later use.



CORPORATE ACCOUNTING POLICY SEMINAR

The Academy of Accounting Historians helped to sponsor the first Corporate Accounting Policy Seminar held on October 4-6, 1990 in New Orleans. The seminar was attended by 57 academics and 26 senior financial executives. The seminar provided extensive opportunity for dialogue between academics and financial executives. The seminar created an environment in which persons teaching financial accounting and those involved in the nonpublic practice of accounting gained appreciation of the problems incurred in the application of accounting theory in a business environment.

Other sponsors of the seminar were American Express Company, AT&T, Ameritrust Corporation, Ametek, Bethlehem Steel Corporation, Chrysler Corporation, Citicorp, El Dupont de Nemours & Co., Inc., Eli Lilly & Co., EXXON Corporation, Financial Executives Institute, Georgia Pacific Company, General Motors Corporation, IBM Corporation, ITT Corporation, Johnson & Johnson, 3M, McDonnell-Douglas, Monsanto Corporation, National Association of Accountants, Pfizer, Inc., Sears, Roebuck & Co., Shell Oil Company, Tenneco Inc., The Upjohn Company, and Vulcan Materials.

VISIONS FROM THE PAST

Book-keeping is an art of daily use in life, and of the greatest importance in all commercial transactions, both foreign and domestic. To be well acquainted with it, both in theory and practice, is a necessary qualification to every man of business, in which all persons are more or less concerned. It enables one readily, and at any time, to ascertain the exact state of his affairs; and also to make a just, precise, and equitable adjustment of all his dealings. Success in trade principally depends on a complete knowledge of the art, and in a strict conformity to its rules. Ignorance and inattention in this department, are rocks upon which thousands have split, and made shipwreck, not only of fortune, but of honesty and good conscience.

There are many branches of education whose first principles must be learnt in schools. If the foundation be not well laid in early life, it will excite sorrow in riper years. The art of book-keeping belongs to this class.

A thorough knowledge of accounts will enable one at any time, the more easily to reckon, not only with others, but with himself; it will greatly contribute to prevent some of the severest evils in life, such as vexatious lawsuits, perplexed arbitrations, loss of property, loss of friendship and good fellowship.

[Excerpts from the preface of *The American Book-keeper*, B. Shey, 1818.]